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## **INTRODUCTION**

The Lapeer Area Citizens Against Domestic Assault (LACADA) entered into contract numbers DV-00-44001, and STOP-00-44001 with the Michigan Family Independence Agency (FIA). The DV contract was to provide Emergency Shelter, twenty-four Hour Hotline, Crisis, Support and Group Counseling and Support Services. The STOP contract was to provide Legal Advocacy services to assist victims of domestic violence to achieve safety and autonomy, and provide training for police, prosecutors, advocates and court personnel. The Lapeer Area Citizens Against Domestic Assault was reimbursed for actual costs incurred through submission of monthly billings to FIA. The contracts total \$458,493.46 and cover the period October 1, 1999 through September 30, 2002.

## **SCOPE**

The Office of Internal Audit performed an audit of LACADA to determine if the agency's billings were accurate, and if costs billed were allowable and properly supported by the accounting records and supporting documentation, in accordance with the terms of the contract. Our audit covered the period October 1, 1999 through June 30, 2001. Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

## **EXECUTIVE SUMMARY**

Based on our audit, we conclude that LACADA has overbilled FIA for some items, and underbilled FIA for other items. Our report recommends the Child and Family Services Administration inform LACADA that they may submit revised billings that include the underbilled costs. Our report also recommends that the Child and Family Services Administration initiate the process to recoup the overbilled amounts. Details on the specific amounts to be recouped, and amounts that may be billed on revised billings, are

summarized for each contract covered by our audit in the following schedule of findings and recommendations.

### **AGENCY RESPONSE**

The management of LACADA has reviewed the findings and recommendations included in this report. They indicated in a telephone conversation on October 29, 2001 that they are in general agreement with the report.

### **FINDINGS AND RECOMMENDATIONS**

#### **DV Contract**

##### **FY2000**

We have no findings for the DV contract for FY 2000.

#### **STOP Contract**

##### **FY2000**

##### **Fringe Benefits**

1. LACADA overbilled FIA \$210.12 for fringe benefits due to the actual cost of the fringe benefits being less than what was billed.

##### **Occupancy**

2. LACADA overbilled FIA \$350 because they billed for 13 months of rent.

##### **Communication**

3. LACADA billed \$210 of printing costs to the supplies line item instead of the communications line item, which was where the budget indicated it would be billed.

#### Supplies

4. LACADA overbilled FIA \$22.00 for supplies for safety deposit box charges that were not included in the contract budget.

#### Specific Assistance

5. LACADA overbilled FIA \$676.50 for specific assistance because the agency paid for a client's u-haul truck rental, bus tickets, gas cards, and credit checks which are not allowable expenses in the contract budget.

#### Miscellaneous

6. The Lapeer Area Citizens Against Domestic Assault underbilled FIA \$45 for miscellaneous expense because they did not bill for costs incurred for staff training.

WE RECOMMEND that the Child and Family Services Administration initiate the process to recoup \$1,213.62 ( $\$210.12 + \$350 + \$22 + \$676.50 - \$45$ ) from LACADA.

WE ALSO RECOMMEND that the Child and Family Services Administration instruct LACADA to bill costs in the appropriate line item according to the contract budget.

#### **DV Contract**

#### **FY2001**

#### Salaries

7. LACADA underbilled FIA \$953.69 for salaries due to the actual salaries cost being more than what was billed.

### Fringe Benefits

8. LACADA overbilled FIA \$2,874.29 for fringe benefits because they billed for FICA tax, which was not included in the contract budget. The contract budget stated that LACADA could bill the full costs for unemployment and workers compensation for the whole agency, but other contracts with FIA stated that they should bill for FICA, unemployment, and workers compensation for employees who work on the specific program covered by that budget. LACADA could not bill according to the requirements of all contracts without duplicate billing for some of the costs. Therefore, they billed all fringe benefit costs for employees who worked on specific programs to the contract for each program.

WE RECOMMEND that the Child and Family Services Administration allow LACADA to prepare revised billings to include the additional salaries expense.

WE ALSO RECOMMEND that the Child and Family Services Administration allow LACADA to submit a budget revision to include the FICA tax in the fringe benefits line item.

### **STOP Contract**

#### **FY2001**

### Fringe Benefits

9. LACADA underbilled FIA \$1,123.25 for fringe benefits due to the actual fringes being more than what was billed.

### Communication

10. LACADA overbilled FIA \$130.25 for communications expense because they billed for ADT Security costs and P.O. Box Rental that are not included in the contract budget.

### Specific Assistance

11. LACADA overbilled FIA \$557.26 for specific assistance because the agency billed for client bus tickets, gas, prescriptions, fees for personal protection orders and car batteries, which are costs not included in the contract budget.

### Case File Review

12. LACADA did not have the Client Needs Assessment Forms on file for 2 of the 16 case records we reviewed. Adequate documentation of the client's needs is necessary to determine the successful outcome of the program.

WE RECOMMEND that Child and Family Service Administration advise LACADA to maintain the Client Needs Assessment for each client in the case record to properly document the client's eligibility for services.

WE FURTHER RECOMMEND that the Child and Family Services Administration inform LACADA they may submit revised billings to bill for the additional \$1,123.25 in fringe benefits.

WE ALSO RECOMMEND that Child and Family Service Administration either allow LACADA to revise the contract budget to include the communication and specific assistance costs listed in the findings above, or initiate the process to recoup \$687.51 (\$130.25 + \$557.26) from LACADA.

